

Message Text

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TO SECSTATE WASHDC 1093

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E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: CCP - EMBASSY ACTION GROUP (EAG) MEETING AUGUST 8.

REF: A) BRASILIA 142; B) BRASILIA 168; C) BRASILIA 585;

D) BRASILIA 3621.

1. SUMMARY - EAG MET TO REVIEW END-OF-YEAR (INCLUDING FOURTH QUARTER REPORT ON FY-75 CCP (REPORTED SEPTTEL). DECISIONS AND RECOMMENDATIONS WERE ALSO MADE ON THE FOLLOWING SUBJECTS: BRAZIL'S FY-76 CCP AND CURRENT IMPORT CLIMATE, ACTIVITIES OF THIRD COUNTRIES IN BRAZILIAN MARKET, PERSONNEL STAFFING, MAJOR PROJECT TASK FORCES AND THE VISIT USA COMMITTEE.

2. FY-76 CCP AND IMPORT CLIMATE. THE SERIES OF RESTRICTIVE IMPORT MEASURES IMPOSED BY GOB BEGINNING MID-1974 HAS CONTINUED. EAG AGREED THAT A SEQUEL TO THREE-PART REPORT (REFTELS A,B,C) PREPARED EARLY THIS YEAR WAS NEEDED. NEW REPORT WILL FOCUS MORE DIRECTLY ON SPECIFIC PRODUCT CATEGORIES OF US MARKET SHARE AFFECTED, OR POTENTIALLY AFFECTED, BY ENTIRE SPECTRUM OF RESTRICTIONS. REPORT SHOULD PROVIDE EAG WITH ANALYTICAL TOOL WITH WHICH BETTER TO JUDGE PROGRESS AS WE MOVE INTO FY-76 CCP CYCLE.

3. THIRD COUNTRY ACTIVITIES. IN VIEW OF GOB'S POLICY TO HOLD DOWN IMPORTS FOR BALANCE-OF-PAYMENTS REASONS,
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COMPETITION FOR IMPORT SHARES OF BRAZILIAN MARKET

IS SHARPENING. EAG DECIDED THAT REPORT ON THIRD COUNTRY ACTIVITIES SHOULD BE PREPARED. REPORT WILL ATTEMPT TO COVER NOT ONLY TRADITIONAL PROMOTIONAL TECHNIQUES SUCH AS TRADE MISSIONS AND EXHIBITS BUT ALSO ASPECTS SUCH AS CONSORTIA, FINANCING, JOINT VENTURES, BARTER DEALS, ETC. WE HOPE TO MAKE REPORT A PERIODIC ONE BUT PREFER NOT TO COMMIT OURSELVES TO FREQUENCY RATE UNTIL AFTER FIRST EFFORT.

4. PERSONNEL STAFFING. EAG REVIEWED DEFERRED PROJECTS SECTION OF FY 76 CCP. WASHINGTON IS WELL AWARE OF OUR COMMERCIAL STAFFING DIFFICULTIES HERE THROUGH PREVIOUS RECOMMENDATIONS OF EAG. AS YET WE HAVE HAD NO REPLY TO REFTEL D) WHICH DEALT SOLELY WITH BELO HORIZONTE SITUATION. STAFFING PROBLEM AT BELO HORIZONTE HAS INCREASED IN URGENCY SINCE USIS MAY NOT BE FILLING ONE OF THE TWO USIS POSITIONS THERE. EAG AGAIN REQUESTS PRIORITY WASHINGTON ATTENTION THIS PROBLEM.

5. MAJOR PROJECT TASK FORCES. CONCEPT OF TASK FORCES DISCUSSED DURING DAVID LU VISIT. SERIES OF SECTOR MESSAGES PROVIDING GREATER DETAIL ON TARGET PROJECTS WILL BE SUBMITTED.

6. VISIT USA COMMITTEE. INDUSTRY MEMBERSHIP CONFINED TO CARRIERS ONLY (PANAM, BRANIFF, VARIG, GRAYHOUND) FOR FIRST MEETING OF COMMITTEE, AUGUST 4. NEXT MEETING WILL EXPAND MEMBERSHIP TO HOTEL CHAINS AND AUTO-RENTAL COMPANIES. AS DISCUSSED WITH DONN DEARING OF USTS PARIS OFFICE DURING HIS VISIT BRAZIL AUGUST 2-9, VISIT USA COMMITTEE MUST HAVE DIRECT COMMUNICATION CHANNEL WITH WASHINGTON RATHER THAN VIA DEARING IN PARIS. WE URGE WASHINGTON ACTION GROUP CLEAR THIS PROCEDURE ASAP. DEARING WILL BE REPORTING OUR VIEWS TO USTS FROM PARIS. PROPOSED CIRCUITOUS ROUTING (I.E. VIA POSTS WHERE USTS HAS OFFICES) HAS BEEN DESIGNATED FOR SPECIAL MARKETS PROGRAM. IT WILL NOT WORK IN CASE OF BRAZILIAN MARKET.

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